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Case No. 11414  
November 20, 2012

PRIORITY POST

Mark Gryliski  
Supply Chain Group  
Sony of Canada Ltd.  
115 Gordon Baker Rd.  
Toronto, Ont. M2H 3R6

Dear Mr. Gryliski

**Subject: Trade Compliance Verification Final Report – Tariff Classification**

This is the final report for the Trade Compliance Verification of selected transactions on goods imported by Sony of Canada Ltd.—Business Number 104931555RM001—for the verification period of April 01, 2011 to March 31, 2012. The verification was conducted by the Canada Border Services Agency (CBSA) under the authority of sections 42 and 42.01 of the *Customs Act*.

The objective of this verification was to promote and ensure compliance with customs accounting obligations as they relate to the CBSA's Tariff Classification Program, specifically with regard to Tariff Item 9948.00.00 for certain goods of Heading 85.28.

The comments received regarding the Trade Compliance Verification interim report that was sent to Sony of Canada Ltd. on October 10, 2012 have been reviewed, however, there were no changes to the original decisions.

Based on the information that was made available to the CBSA, all of the goods were found to be classified incorrectly. Decisions have been made and can be found in the "Results of the Verification" portion of this report. In addition, Detailed Adjustment Statements (DASs) have been issued to correct the transactions in error for the samples verified and have been listed in the "Adjustment Summary" chart.

These tariff classification re-determinations will affect not only the transactions verified but also any other goods that have been accounted under tariff item 9948.00.00 and for which no certificate or other record signed by the user of the commercial goods are available.

**Requirements**

Under section 32.2 of the *Customs Act*, importers have an obligation to make a correction to a declaration of origin, tariff classification, or value for duty within 90 days after the importer has reason to believe that the original declaration is incorrect. Importers have reason to believe when specific information is available respecting the correct accounting of the goods. The obligation under this section to make a correction ends four years after the goods are accounted for under subsection 32(1), (3) or (5).

The period over which you will be required to make corrections to incorrect declarations will be determined on the basis of the Reassessment Policy.

Refer to Memorandum D 11-6-10, Reassessment Policy, which can be found on the CBSA website at: <http://www.cbsa-asfc.gc.ca/publications/dm-md/d11/d11-6-10-eng.html>.

Failure to make the required corrections within 90 days will result in administrative monetary penalties being applied. For details respecting the Administrative Monetary Penalty System (AMPS), refer to the CBSA website at: <http://www.cbsa-asfc.gc.ca/trade-commerce/amps/menu-eng.html>.

As per section 32.2(5) of the *Customs Act*, this obligation does not apply to corrections that result in a refund of duties. Sony of Canada Ltd. may apply for refunds under the authority of section 74 of the *Customs Act*.

### **Results of the Verification**

#### **Findings, Requirements and Corrective Actions**

The following provides the results of the Trade Compliance Verification of the tariff classification program and a description of the errors found, along with requirements and corrective actions.

Enclosed is the tariff classification program sheet listing all the transactions verified. Where the **Partial Line Indicator** "PLI" column (the 5<sup>th</sup> column) displays a "Y", it is an indication that only a portion of the corresponding sample B3 line was reviewed during this verification. Therefore, for consistency, when more than one product was identified on the B3 line selected, the commercial invoice line with the highest value was selected as the sample for this verification.

In accordance with Section 3 of the Imported Goods Records Regulations:

A person who imports or causes to be imported commercial goods that have been released free of duty or at a reduced rate of duty because of their intended use or because they were intended to be used by a specific person shall keep, for the same period of time (six years following the importation) referred to in that section,

(a) a certificate or other record signed by the user of the commercial goods that shows the user's name, address and occupation and indicates the actual use made of the commercial goods; or

(b) in the case where the commercial goods have been diverted to a use other than that on the basis of which they were released free of duty or at a reduced rate of duty or have been sold or otherwise disposed of to a person not entitled to have the commercial goods so released, records that contain information sufficient to confirm that the full applicable duties have been paid.

#### Sample 1, 40 inch LCD TV BX4

Declared under tariff classification number 8528.72.33.00; televisions are correctly classified under tariff classification number 8528.72.33.00, in accordance with General Interpretive Rule 1 of the Customs Tariff.

Sample 2, 60 inch LCD TV EX7

Declared under tariff classification number 8528.72.33.00; televisions are correctly classified under classification number 8528.72.33.00, in accordance with General Interpretive Rule 1 of the Customs Tariff.

Sample 3, 46, 55, and 60 inch LCD TV SER, EXR, EX7

Declared under tariff classification number 8528.72.33.00; televisions are correctly classified under tariff classification number 8528.72.33.00, in accordance with General Interpretive Rule 1 of the Customs Tariff.

Sample 4, 32 and 40 inch LCD TV BX3, BX4

Declared under tariff classification number 8528.72.33.00; televisions are correctly classified under tariff classification number 8528.72.33.00, in accordance with General Interpretive Rule 1 of the Customs Tariff.

Sample 5, 40 inch LCD TV BX4

Declared under tariff classification number 8528.72.33.00; televisions are correctly classified under tariff classification number 8528.72.33.00, in accordance with General Interpretive Rule 1 of the Customs Tariff.

Tariff Item 9948.00.00

End use certificates or other records signed by the user of the commercial goods have not been provided for the goods of the 5 sampled B3 transaction lines verified. The provisions of tariff item 9948.00.00 have not been met and therefore, the provisions of tariff Item 9948.00.00 are not applicable.

Refer to Customs Memorandum D11-8-5 (End-Use Program) and D17-1-21 (Maintenance of Records in Canada by Importers), found on the CBSA website at:

<http://cbsa-asfc.gc.ca/publications/dm-md/d11/d11-8-5-eng.pdf>

<http://cbsa-asfc.gc.ca/publications/dm-md/d17/d17-1-21-eng.pdf>

**Adjustment Summary**

<b>Sample Number</b>	<b>Transaction Number</b>	<b>Line Number</b>	<b>Adjustment Number</b>	<b>VFD in Error</b>	<b>Duties Payable</b>	<b>GST/HS T Payable</b>	<b>Adjustment Total (not including interest)</b>
1	68452119013438	1	00001003514235	240235.94	12011.80	600.59	12612.39
2	68452119013939	1	00001003514315	317146.39	15857.32	792.87	16650.19
3	68452119014598	1	00001003514326	438918.39	21945.92	1097.30	23043.22
4	68452119014053	1	00001003514348	219779.43	10988.97	549.45	11538.42
5	68452119017853	1	00001003533227	218864.20	10943.21	547.16	11490.37

**Bold lines indicate B3 partial lines**

\*Lines indicated with an asterisk indicate a refund of duties

The CBSA's re-determinations and this final report provide Sony of Canada Ltd. with specific information (reason to believe) concerning the tariff classification of the goods verified.

Sony of Canada Ltd. is required to correct, within 90 days from the date of this final report, all other transactions of the goods verified. Corrections are also required for other models of the goods verified, and any other goods that have the same function as the goods verified that differ in a manner (e.g., size, colour, capacity, etc.) that is not relevant to the tariff classification of the goods at the tariff item level, as well as for any other goods that have been accounted for under tariff item 9948.00.00 and for which no certificate or other record signed by the user of the commercial goods are available.

The corrections are required for transactions accounted for during the verification period, and forward up to the date of the final report, April 1, 2011 to November 20, 2012, and all subsequent importations of the same goods.

Corrections are required whether or not there is a financial impact.

The obligation to correct does not apply to corrections that result in a refund of duties; however, the correct tariff classification of the goods must be applied to all future importations of the goods based on the specific information contained in this final report.

All self-adjustments (Form B2) must be sent by registered mail, by courier or delivered by hand to my attention at the address below. In the remarks section of the adjustment make reference to Case No. 11414.

All subsequent importations of these goods are to be accounted for in accordance with the specific information that is the basis of these decisions.

The obligation to correct does not apply to corrections that result in a refund of duties; however, the correct tariff classification of the goods must be applied to all future importations of the goods based on the specific information contained in this final report.

### **Appeals and Redress**

Appeal rights are available under the *Customs Act*, should you disagree with any of the decisions resulting from this verification. You may file a request for a further re-determination under section 60 of the *Act*, **within 90 days** from the date of the DAS. Refer to Memorandum D11-6-7, Importers' Dispute Resolution Process for Origin, Tariff Classification, and Value for Duty of Imported Goods, which can be found on the CBSA website at:

<http://www.cbsa-asfc.gc.ca/publications/dm-md/d11/d11-6-7-eng.html>

Clients wishing to appeal a Notice of Penalty Assessment (NPA) may request a Minister's decision pursuant to section 131 of the *Customs Act* **within 90 days** from the date of the NPA, provided they meet the criteria of subsection 129(1) of the *Customs Act*. Additional information concerning the redress process for AMPS can be found on the CBSA website at:

<http://www.cbsa-asfc.gc.ca/recourse-recours/menu-eng.html> and  
<http://www.cbsa-asfc.gc.ca/recourse-recours/sp-ss-eng.html>

### **Monitoring**

The errors identified in this report will be monitored at a later date for compliance.

### **Additional Information**

For information on the importance of trade compliance, trade data and accurate tariff classification, visit the CBSA website at:

<http://www.cbsa-asfc.gc.ca/publications/pub/bsf5108-eng.html#s2>

<http://www.cbsa.gc.ca/publications/pub/bsf5118-eng.html>

Thank you for the cooperation that Sony of Canada Ltd. extended to the CBSA during the course of this verification. Please contact me should you require additional information concerning this report. Please contact your regional CBSA Client Services office at 519-967-4140. if you have any questions concerning the self-adjustment process.

Sincerely,



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Enclosure: Tariff Classification Program Sheet(s)